

SENATE BILL REPORT

SB 6565

As of February 6, 2008

Title: An act relating to exempting a portion of the valuation of residential property from property taxation.

Brief Description: Exempting a portion of the valuation of residential property from property taxation.

Sponsors: Senators Zarelli, Hobbs, Benton, Pflug, Stevens, Honeyford, Morton, Holmquist, McCaslin, Delvin, Parlette, Brandland, Hewitt and Sheldon.

Brief History:

Committee Activity: Ways & Means: 2/07/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: All real and personal property in Washington State is subject to property tax, unless a specific exemption is provided by law.

Property taxes are calculated for individual properties by multiplying a tax rate by the assessed value of each property. By statute, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program. Article 7, section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed.

Summary of Bill: The bill as referred to committee was not considered.

SUMMARY OF BILL (Recommended Substitute): A homestead exemption is provided on the value of qualifying residences for the state portion of the property tax at the following levels:

- 1) for taxes collected in 2010 and 2011 the amount of the exempted value is \$25,000;
- 2) for taxes collected in 2012 and 2013 the amount of the exempted value is \$50,000;
- 3) for taxes collected in 2014 and 2015 the amount of the exempted value is \$75,000;
- 4) for taxes collected in 2016 the amount of the exempted value is \$100,000; and
- 5) for all subsequent years the assessed value will be increase by an amount equal to the growth in the state levy collections.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In addition to the stated exemption amounts, the amount of the exempted value will be increased by an additional amount equal to percentage growth in the state levy collection since calendar year 2010.

The exemption is structured, so rather than a shift in taxes occurring, the actual state portion of the property tax will be reduced.

A qualifying residence is a single-family dwelling unit whether such unit is separate or part of a multi-unit dwelling that is the principle residence of the person claiming the exemption.

The act takes effect if the constitutional amendment, SJR 8226, is approved by a vote of the people.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.